A FAIR LEVEL PLAYING FIELD IN COCOA

A contribution and a dream

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European meeting

Only two weeks ago a trade union meeting was held in The Netherlands. Trade union representatives from the major cocoa-processing and chocolate producing companies from Germany, France, Great Britain, Austria, Belgium and The Netherlands met, to discuss their contribution to a sustainable world cocoa economy. The meeting was organized under the umbrella of the European Food Workers’ Union EFFAT and supported by the International Union of Food Workers, the IUF.¹

The meeting discussed recent developments in the global cocoa chain. A vital characteristic of this chain is the uneven distribution of marketing power and marketing access. Millions of small farmers are labouring at the beginning of the chain, receiving only a minimal award for their hard work. A handful of big multinational companies are buying the beans and processing these beans into semi-finished products like cocoa liquor, cocoa butter and cocoa powder, making huge profits. And another handful of big multinational companies are processing these semi-finished products into chocolate products, marketing all over the world, also realising huge profits.

The European trade union meeting concluded that initiatives should be taken to create more balanced power relations in this global cocoa chain.

Contribution

Workers’ representatives from European cocoa and chocolate companies have their own responsibility in the cocoa chain. Firstly, they have to take care for the interests of their members. Struggling to create or maintain proper working relations and good working conditions: decent work at all work places. But secondly, they have to take responsibility for these same objectives in the global cocoa chain: proper working relations and decent work in all links of the cocoa chain. So not only in their own link, but also in the transport links and most and for all in the agricultural link. Without a vital and remunerative cocoa agronomy there will be no real future for the other links in the global cocoa chain. You might call it a matter of enlightened self-interest even for the cocoa processing and chocolate companies to improve the existence of the small cocoa farmers.

So European workers’ representatives will approach the management of their companies to discuss sustainability issues with them. Centre of their initiatives will be the underlining of the chain responsibility of these multinational companies for the developments in the earlier links of the cocoa chain. Companies should only buy cocoa produced that’s free from child labour. Companies should pay a remunerative price for the cocoa. Companies should not be indifferent to the poverty stricken situations in the cocoa areas of the origin countries.

It is true. Some companies are taking some initiatives to support a group of farmers to enable them to bring better agricultural practices into place. But these initiatives are not on a large scale, and often more in the narrow interest of the companies themselves than the broader scope of sustainable and liveable agricultural in the cocoa growing regions.
It is true. Some companies have introduced fair trade chocolate products as a main marketing tool for their brands. I might give here the name of the Dutch company Verkade, a subsidiary of UK multinational United Biscuits that introduced fair trade certified cocoa and sugar in all their chocolate products from January 2009 on.
And recently Cadbury from Great Britain announced that it will produce its Dairy Milk branded products in Britain and Ireland under the fair trade certification as from the end of the summer of this year.

But that’s not enough. These initiatives of main stream commercial companies are affecting a too small portion of the chocolate market. More and bigger initiatives should follow. We would like to ask Mars, Nestlé, Hershey, Ferrero, Kraft and Barry Callebaut to follow the path of Verkade and Cadbury.

Dream
Is it enough? No, definitely no. To balance the power relations in the global cocoa chain more must be done. Empowerment of the small farmers in their own independent organisations must be promoted. That should be made a responsibility of all partners in the global cocoa chain. And then I had a dream. Not an illusion, but a dream based on experience in The Netherlands in the mill and bakery industry. Why not raise a levy on each ton of cocoa offered for processing at the gate of the processing companies? A fair level playing field for all cocoa processors, only effecting the links of the chain after the farmers and the immediate following trade of the beans. Take the following into account. From a typical chocolate bar of 100 grams with a cocoa content of 40% the farmers’ share is only 3 – 4%. The remaining 95+% share is for handling, trade, processing, chocolate making and most of all a nearly 50% share as retail margin. A levy of say US$ 100 per ton, that’s to say US$ 10 cent a kilo will create a fund of US$ 350 million a year to support farmers’ organisations in their efforts for a better organisation, better agricultural practices and better social conditions. What will be the effect on the chocolate market as such? If the price increase will be passed on in the cocoa chain, what most likely will be the case, the effect on the end-price of chocolate will be 4% of the on average 3-4% of the cocoa content. Please follow my calculation, that’s 1,5 pro mille of the consumer price, so minimal. This will disappear in the trade margins of the chocolate producers or the consumers’ price appreciation.
Would the ICCO be ready to administer such a levy and arrange such a fund?
Yes it can! If the political will is there, the way forward is open.

Please share my dream.
Thank you for your attention.

March 25, 2009

1 This European Trade Union Cocoa Conference was also made possible thanks to financial contributions from Oxfam Novib (Netherlands) and Solidaridad (Netherlands)